March 12, 2008

Hecla MINING COMPANY

MEMORANDUM TO: Apex File

COPIES TO: distribution

FROM: Paul Glader

SUBJECT: **Progress Report No. 46 for period ending February 29, 2008; Pond 2 Final Closure - Apex Site, Washington County, Utah**

Summary

The monthly visual inspection, per the long term monitoring plan, was conducted on February 16. No unusual conditions were noted, however the area continues to receive above average winter precipitation. The north side gullying continues to develop – as described below the erosion will be repaired as soon as site conditions permit.

Per the September 2007 report, the St. George area received in excess of 2 inches of rain later in September. The site appeared to have received much less, however a minor amount of gullying has occurred on the northeast side of the area. Doug Gibbs, MEI, was on site during October 2007 to review conditions. Doug noted minor erosion at three locations on the NE side of the impoundment. Doug Gibbs mobilized a contractor for erosion repair during the week of February 4, however conditions were found to be too wet to conduct repair activities and the contractor was demobilized until the site dries out. Doug Gibbs will be on site to supervise.

Discussion

1. Surface Monitor Results To Date – The settlement monitoring monuments were surveyed by Alpha Engineering on December 13. Since monitoring of the top surface began (Jan 4, 2006), there has been no appreciable movement in the surface monuments at the Apex site. There are no concerns to date with settlement. As expected with long-term consolidation, the data shows that settlement rates are decreasing over time.
2. Surface Monitor Survey Data Review – Based on the data collected through December 2007, the elevation of the reclaimed impoundment top surface has in general continued to decrease very slightly. Settlement rates have in general stayed consistent during 2007.

Work Planned for Next Period

1. Visual inspection of site.
2. Settlement monument survey – quarterly basis.

Sampling and Analysis in Period

Field Tests, Inspections & QA/QC

1. The monthly post closure site inspection was done on February 16; a copy of the inspection report is included in the Supplemental Attachments section.

Cost and Schedule

Committed costs in February 2008 were $275. Total project to date committed is approximately $1,248,000. The cost report for February is attached.

Current status of the deliverables listed in the RCRA 7003 order includes:

Deliverable	Reference Paragraph	Due	Remarks
Post warning signage around perimeter of site	57	**15 days after effective date of order**	Work completed on March 9, 2004
Begin implementation of closure plan	63	**45 days after receipt of filing of order**	Work started on February 23, 2004
Monthly progress reports	64	**28th day after close of month**	Requirement in effect after order is filed.
Completion report	66	**30 days after completion of all closure plan tasks**	Construction completion report submitted on 3/13/2006. A follow-up report to be issued after end of monitoring period.

The update of the schedule milestones includes:

Milestone	Target	Actual	Remarks
Issue bid package – Phase I (Sump Drains)	6/14/04	***6/15/04***	Portion of RFP materials issued at pre-bid on 6/14/04; remainder sent via courier
Issue RFP package – Phase III	6/24/04	***6/24/04***	
Award contract for Phase I	6/24/04	***6/29/04***	Date contract was shipped to Hughes
Pre-bid meeting – Phase III	7/19/04	***7/19/04***	
Start Phase I (Sump Drains) construction	7/12/04	***7/19/04***	
Start Phase II (Evaporation)	7/19/04	***7/29/04***	
Receive bids for Phase III	8/2/04	***8/2/04***	
Re-bid Phase III contract package	April 2005	***4/27/05***	Date bid package was sent to Hughes
Start Phase III construction	End of August 2005	***8/29/05***	Start of contractor mobilization
Complete Phase III construction	Dec 23rd 2005	***12/23/05***	Completion of contract scope of work
Issue Construction Completion Report	Week of 3/13/2006	***3/13/06***	

Supplemental Attachments

1. February 16, 2008 long term inspection report, by D. Truman.

2. February 2008 cost report.

Annual Site Inspection Summary Sheet - Apex Site - Pond 2

Hecla Mining Company - Long-Term Maintenance and Monitoring Plan

Form 1 of 4 - Summary

Date: 2-16-08

Inspector: Truman

Cover System Component	Potential Problem		Allowable Limits	Limits Potentially Exceeded
Site Perimeter	Erosion or Fencing Issues		NA	NA
Cover System (outslopes, top, rock)	Subsidence		**Minor**: ponding < 1" some gullying / erosion	Yes X * No
			Significant: see Table 2	Yes * No X
	Embankment Slope Stability		excessive movement or surface cracks > than 1"	Yes * No X
	Gullying	on top	depth > 1"	Yes * No X
		at embankment crest or on outslope	depth > 2"	Yes * No X
		w/in normal flow channel in diversion channel	no gullying allowed	Yes * No X
		w/in diversions at toe of impoundment outslope	no gullying allowed	Yes * No X
		in diversion channel at any other location	NA	NA
	Erosion Protection Stability		rock subsiding or missing	Yes * No X
	Seepage		no colored seepage allowed (red, blue, yellow w/ crystallization)	Yes * No X
Runoff Control System	Diversion Channel		rock in place, channel not moving, fence stable	Yes X * No
	Diversion Swales		rock in place, no silting in or head cutting	Yes X * No
	Excessive silt build up at fence lines in diversion channel		allowed if not effecting cover system	Yes X * No

* Mark all areas of concern or requiring repairs on attached site map.

Annual Site Inspection - Apex Site - Pond 2

Hecla Mining Company - Long-Term Maintenance and Monitoring Plan

Form 2 of 4 - Site Perimeter

Inspection Date:	2-16-04
Inspector:	T Runnoe
Visible Outlying Areas	
Observed Condition:	Looked good
Observed Damage:	None
	May require repair: Yes __* No __
Property Boundary Fence and Gate (walk fence line)	
Observed Condition:	Fences & Signs need some work.
Observed Damage:	~~Fence~~ Loose wires on fence Signs need heavier wire
Potential Corrective Actions:	I will fix.
	May require repair: Yes __* No __
All Upgradient Areas (areas that drain onto property)	
Observed Condition:	Fine
Observed Damage:	None
	May require repair: Yes __* No __

* Mark all areas of concern or requiring repairs on attached site map.

Annual Site Inspection - Apex Site - Pond 2

Hecla Mining Company - Long-Term Maintenance and Monitoring Plan

Form 3 of 4 - Impoundment

Inspection Date: 2-16-07

Inspector: T[illegible]

Outslopes

Observed Performance:

Rock Cover Subsidence:	Yes ___ No Y	May require repair: Yes ___* No Y
Excessive Slope Movement (failure):	Yes ___ No Y	May require repair: Yes ___* No Y
Gully Development:	Yes Y No ___	May require repair: Yes Y* No ___
Observable Leachate (colored):	Yes ___ No Y	May require repair: Yes ___* No Y
Excessive Siltation (at slope toe):	Yes ___ No Y	May require repair: Yes ___* No Y

Observed Damage: Gully development on North side

Potential Corrective Actions: Repair

Top (top surface soils)

Observed Performance:

Cracking (>1" width):	Yes ___ No Y	May require repair: Yes ___* No Y
Settlement / Evidence of Ponding:	Yes ___ No Y	May require repair: Yes ___* No Y
Erosion / Gullying:	Yes ___ No Y	May require repair: Yes ___* No Y

Observed Damage:

Potential Corrective Actions:

Erosion Protection Layer (rock)

Observed Performance:

Rock Staying in Place:	Yes Y No ___	May require repair: Yes ___* No Y
Rock Subsiding:	Yes ___ No Y	May require repair: Yes ___* No Y
Missing Rock:	Yes ___ No Y	May require repair: Yes ___* No Y

Observed Damage:

Potential Corrective Actions:

* Mark all areas of concern or requiring repairs on attached site map.

Annual Site Inspection - Apex Site - Pond 2

Hecla Mining Company - Long-Term Maintenance and Monitoring Plan

Form 4 of 4 - Diversion Channel and Swales

Date: 2-16-08
Inspector: [illegible]

Diversion Channel

Observed Performance:	Erosion Protection in place:	Yes X No ___	May require repair: Yes ___* No X
	Normal Flow Channel in place:	Yes X No ___	May require repair: Yes ___* No X
	Encroaching on Site Fencing:	Yes ___ No X	May require repair: Yes ___* No X

Observed Damage: None

Potential Corrective Actions: None

Diversion Swales

Observed Performance:	Erosion Protection in place:	Yes X No ___	May require repair: Yes ___* No X
	Flow Channel Silting In:	Yes ___ No X	May require repair: Yes ___* No X
	Head Cutting:	Yes ___ No X	May require repair: Yes ___* No X

Observed Damage: None

Potential Corrective Actions: None.

* Mark all areas of concern or requiring repairs on attached site map.

Activity	2004 Budget	Revised Budget May 2004	Committed Cost this Period	Cumulative Committed Cost To Date 2-29-08	Forecasted Cost To Complete	Forecasted Final Cost	Remarks on Forecast to Complete
Phases I through III *(Completed February 2006)*							
Phase I - Drain Excess Liquid From Tailings	189,200	72,700		67,928	0	67,928	
Phases II, IIA + IIB - Evaporate Excess Liquid	6,000	8,000		242,882	0	242,882	
Phase III - Regrading & Final Cover System	337,000	342,050		504,742	0	504,742	
Field Indirect Costs	164,500	213,568		378,517	0	378,517	Includes Jan + Feb 2006 long term monitoring costs
Hecla Costs	18,700	18,700	0	33,324	0	33,324	
Subtotal Phases I through III	**715,400**	**655,018**	**0**	**1,227,393**	**0**	**1,227,393**	
Long Term Monitoring *(through FY 2010)*							
Site Inspections			275	4,661	2,594	7,255	
Settlement Monitoring				4,725	5,400	10,125	
Consultant Support:							
Annual Geotechnical Engineer Inspections			0	2,495	18,100	20,595	Includes settlement monitoring data analysis
Vegetation Monitoring			0	0	20,000	20,000	Allowance for surveys in FY 2008 - 2010
Site Conditions Review - MEI			0	4,332	5,469	9,801	
Site Conditions Review - SVL Analytical			0	2,079			
Maintenance:							
Erosion Repair Allowance			0	0	7,500	7,500	
Overseeding Allowance			0	0	9,920	9,920	
Hecla Project Management Costs:							
Labor			0	2,266	7,909	10,175	
Travel expenses			0	0	1,312	1,312	
Subtotal Long Term Monitoring	**0**	**0**	**275**	**20,558**	**78,204**	**96,683**	
Total Pond 2 Final Closure	**715,400**	**655,018**	**275**	**1,247,951**	**78,204**	**1,324,076**	